



# OLIVETREE FINANCIAL LIMITED

## Order Handling and Execution Policy

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## I. Introduction

Olivetree Financial Limited (“**Olivetree**”, “**We**”, “**the Firm**”), as a Cash Equity agency brokerage, holds no risk in any of the instruments in which it trades. The Firm’s permissions with the Financial Conduct Authority (“**FCA**”) allows trading in the following regulated instruments:

- Stocks/shares;
- American Depositary Receipts (“**ADRs**”);
- Exchange Traded Funds (“**ETFs**”); and
- .

This Policy has been designed to provide clients with the information on the arrangements put in place by Olivetree to manage the execution of client orders as required by the revised Markets in Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations (“**MiFID II**”), to the extent applicable. Olivetree is required to take all sufficient steps to obtain the best possible result for clients when executing orders (or receiving and transmitting orders) on their behalf, taking into account factors such as price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (“**Execution Factors**”); such obligation referred to as our obligation of ‘best execution’).

Olivetree is not required to guarantee that we will always be able to provide best execution on every order executed on our clients’ behalf. We do not owe any fiduciary responsibilities as a result of the matters set out in the Policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with our clients.

Olivetree executes orders on behalf of Eligible Counterparties and Professional Clients. Orders may only be received and executed by persons that are certified persons under the Senior Manager and Certification Regime (SMCR) . At Olivetree, the only persons involved in handling client orders will be Traders and Sales Traders.

When handling client orders, Traders and Sales Traders, must ensure that they comply with the FCA Statement of Principles and applicable regulations. Settlement Operations Personnel should also be mindful of these requirements. This policy, applicable to the persons mentioned above, sets out the Firm’s and individual’s regulatory obligations with respect to handling client orders, together with related procedures.

## 2. Scope of the policy

### 2.1. Client scope

This Policy applies to transactions executed with Professional Clients and Eligible counterparties, as defined by MiFID II. Clients would have received a formal notification from us informing them of their categorisation.

## **2.2. Activities**

This Policy will apply in respect of the financial instruments listed above in the Introduction.

### **2.2.1. The Order**

We owe a duty of best execution when we execute orders on your behalf. We consider ourselves to be typically in receipt of an order and acting on your behalf where an execution instruction is given to us that gives rise to contractual or agency obligations owed by us to you. We believe this to be the case where we exercise our discretion in relation to the execution of your order.

### **2.2.2. Specific Instruction**

Where you provide us with a specific instruction in relation to your entire order, or any particular aspect of your order, we will execute the order in accordance with your instructions. Your specific instructions may however prevent us from fully following our this Policy which is designed to obtain the best possible result on a consistent basis for the execution of your orders. In following your instructions, we will be deemed to have taken all sufficient steps to provide the best possible result in respect of the order or any aspect of the order covered by your specific instructions. Therefore, if you require your order to be executed in a particular manner and not in accordance with this Policy, you must clearly state your desired method of execution when you place your order. To the extent that your specific instructions are not comprehensive, we will determine any non-specified components in accordance with this Policy.

## **3. Best Execution**

### **3.1. Execution Factors**

#### **3.1.1. General**

When executing an order on behalf of a client, Olivetree is required to take all sufficient steps necessary to execute the order in a manner that is intended to achieve the best possible result for the client. Olivetree will take into account the following relevant Execution Factors:

- Price, aiming to achieve the best possible price for the client;
- Size of the order and the available market liquidity;
- Speed of execution;
- Execution costs, such as exchange execution and clearing fees;
- Likelihood of execution and settlement;
- Nature of the order; and
- Any other consideration relevant to the execution of the order, such as potential market impact.

### 3.1.1.1. Professional Clients

Where Olivetree executes an order for a professional client, the importance of each of these factors and how they are treated may vary depending on the following:

- The nature of the client's instructions;
- The characteristics of the transaction;
- The characteristics of the financial instrument; and
- The characteristics of the execution venues to which the transaction can be directed.

### 3.1.1.2. Eligible Counterparties

We do not owe a duty of best execution to any client classified as an eligible counterparty or where a Professional Client is not reasonably relying on Olivetree to provide best execution (although we have an overriding duty to act honestly, professionally and fairly). However, where a client to whom we do not owe best execution obligation asks us for best execution we may:

- a) advise the client that they must rely on their own due diligence;
- b) decline to deal; or
- c) in specific circumstances, where our role and the relationship with the client dictates
- d) and where such client has requested that best execution apply in writing to us, we may
- e) offer best execution voluntarily or contractually.

Olivetree may refuse an order in accordance with its Terms of Business and in those circumstances no duty of best execution will be owed.

## 3.2. Execution Venues

### 3.2.1. Execution Venue types

In meeting our obligation to take all sufficient steps to consistently obtain the best possible result for our clients we may use one or more of the following venue types when executing an order:

- Regulated Markets (“**RM**s”) (e.g., Exchanges);
- Multilateral Trading Facilities (“**MTF**s”);
- Systematic Internalisers (“**SI**”)
- Organised Trading Facility (“**OTF**”);
- Third party brokers acting as Market Makers or other liquidity providers;
- Olivetree internal sources of liquidity (i.e., matching client orders).

We will periodically assess which venues within this list are likely to provide the best possible result for our clients on a market-by-market basis and may choose to use one or several. Olivetree may occasionally use alternative venues if we believe that this may help achieve the best result for our client. An up to date list of all our venues will be maintained in the Legal and Compliance section of our website at [www.olivetreeglobal.com](http://www.olivetreeglobal.com). Nothing in this Policy should be taken to imply that we will act as either an MTF, SI or OTF.

### **3.2.2. Choice of DMA Providers Relationships**

Olivetree is not a direct member of any RMs, MTFs or Crossing Networks. However, we use the services of selected Direct Market Access (“**DMA**”) providers, and through them have access to liquidity within the most significant Regulated Markets, MTFs and Crossing Networks. We use leading DMA providers, who have extensive and far reaching access to execution venues and who have invested in the development of Smart Order Routing Technology (“**SORT**”).

### **3.2.3. On-boarding Review of DMA providers and execution Venues**

Traders are primarily responsible for selecting the Brokers who will act as DMA providers to the Firm. Before instructing support areas to establish a DMA relationship with a Broker, Traders may consider, inter alia, the following “DMA Selection Criteria”:

- DMA provider’s charges across various markets;
- Whether or not the DMA provider uses SORT;
- Whether or not the DMA provider has Dark Pool Algorithms;
- Execution Venues to which the DMA provider has access;
- Quality and nature of Price Benchmark Algorithms;
- Quality of past execution performance.

The Firm will not choose a Broker as its DMA provider whose charges are significantly greater than other providers unless we are comfortable that the nature of the services provided are likely to benefit our clients in providing the best possible result.

The Firm will additionally not choose a Broker as its DMA provider that does not have SORT. We will not choose a DMA provider on the basis of any inducement/incentive offered by the DMA provider that does not benefit the client. As a high-level point, Olivetree bans any incentive received or provided by/to any employee insofar as this could be considered an inducement contrary to FCA Conduct of Business Rule (COBS) 2.3A. In addition, the receiving or giving of any gift and/or entertainment is covered by the Firm’s Gifts and Entertainment Policy. The compliance department maintains a Gifts Register in relation to this, which is monitored periodically.

The Firm goes through a stringent legal and regulatory onboarding process with each DMA provider prior to routing any client orders, which is signed off by a Senior Manager, in order to know all associated explicit costs.

### **3.2.4. Periodic Review of DMA Providers and Execution Venues**

On an ongoing basis, any increased explicit costs will always be discussed with a client prior to execution. Olivetree’s list of DMA providers and Execution Venues used by Olivetree are updated on a continuous basis, with front office staff ensuring any DMA providers used to access liquidity have full access to venue selection. This is generally undertaken through bespoke order analysis, completed generally on a post-order basis.

A review of DMA providers takes place periodically by the compliance department in conjunction with the trading desk and the settlements team. This is achieved by requesting DMA providers to demonstrate periodically how they achieve best execution, based on a random sampling of 3 routed client orders over the previous 12 months. Each DMA provider is then reviewed periodically, ensuring the Execution

Venues to which it routes client orders have access to SORT.

### **3.3. Handling the order – Obtaining the Best Possible Result**

#### **3.3.1. Assessing Different Execution Factors**

We have set out below the Execution Factors which Traders must consider when selecting the different venues on which we may execute client orders. Unless relating to those explicit parts of a client order which relate to a specific instruction, Traders must consider the following “Execution Factors” to determine the manner in which the order will be executed:

- Price;
- Liquidity
- Costs;
- Speed;
- Likelihood of execution or settlement;
- Size of client order;
- Nature of client order;
- Any other consideration relevant to the efficient execution of the client’s order.

Traders should determine the relative importance of each Execution Factor using the following criteria:

- The characteristics of the client (including client categorisation), suitability and nature of the client’s order versus market sentiment at the time;
- The characteristics of the stock that is the subject of the client’s order;
- The characteristics of the execution venues to which the client’s order can be directed.

However, Olivetree will, where appropriate, pay more explicit costs (e.g. pay more DMA costs) to cut down on likely implicit costs. (e.g. where there is more liquidity in the market to reduce market impact, and therefore price slippage in order to get a better result for a client).

#### **3.3.2. Minimising Client Costs**

Olivetree considers three broad categories of costs, all of which are relevant to the costs execution factor:

##### *3.3.2.1. Implicit cost control*

Olivetree will always try to minimise the market impact of order execution, whether the trade is executed over a period of time, aggregated with other trades, or as child orders sent to multiple different execution venues. Unlike explicit costs, the impact of implicit costs can only be precisely assessed after a trade is completed. Prior to any client order, Olivetree will make a judgement about the likely implicit costs of an execution strategy in order to balance these costs against the explicit costs of an order. Olivetree does not discriminate unfairly between execution venues when executing a client order in terms of the structuring of commissions. All of Olivetree’s clients are charged the same commission on each execution venue.



### 3.3.2.2. *Explicit external costs*

This includes commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed on to the client by Olivetree participating in a transaction. These costs are clearly subject to the best execution obligation and are provided to a client prior to any order. Olivetree always obtains an 'Execution Fee' table from each DMA provider prior to onboarding to assess the 'bp rate' and 'Minimum Ticket Charge' per trade.

### 3.3.2.3. *Explicit internal costs*

This is Olivetree's own remuneration for completing a transaction. Olivetree takes these internal commissions into account when executing an order, and this forms an important basis in assessing where to execute the order where there is more than one competing venue available.

## 3.3.3. Internal Sources of Liquidity

Olivetree believes there are clear benefits in providing 'internal' liquidity to clients. This is solely achieved through the crossing of client orders, which minimises implicit cost controls and explicit external costs, through the reduction of execution 'on-exchange'. Thus, where internal liquidity is available Olivetree will always endeavour to match a client's order 'over the counter' or 'off exchange'. Any cost savings made by the Firm through sourcing internal liquidity are passed on to the client.

## 3.3.4. Managing Conflicts

Olivetree will always manage its conflicts of interest priorities in relation to the execution of a client's order – whether this is at arm's length, executed on exchange; or alternatively non-arm's length, and crossed OTC with another client's order. Traders additionally act as a 'gatekeeper' between two clients in crossing stock OTC, ensuring that neither side of the order is unfairly disadvantaged. Should any particular method of execution represent better value for a specific client, this will always be revealed to the client ahead of execution, together with likely changes in implicit and explicit execution costs.

## 3.3.5. Choosing an Execution Venue/Execution Strategy

Where the client has not provided any specific instruction, e.g., Limit Order or At Market, Traders must make sound decisions about how the order will be executed and on which execution venues. These decisions must inevitably be based on the nature of the order and information available at the time regarding prices and volumes across markets to which we have access. For example, a market order that is immediately matched by a venue will be executed as soon as it is received and processed by a venue. Conversely, a limit order will rest on the book until it becomes marketable, is cancelled or amended. In the latter case, a measure of speed will not be appropriate, but whether the order is filled may still be an indicator of available liquidity.

Order type is also relevant to price benchmarking since, while limit orders can be benchmarked against the quote at time of execution, marketable orders should be measured against the quote at the time of their receipt by the venue. However, the Firm believes that the following Default Execution Strategies will ordinarily provide the best possible result for the client:

- **PricelLiquidity** - Ordinarily, the primary market remains a key source of liquidity and price formation and we believe that it is prudent, subject to better prices being available immediately

elsewhere, to route a % of any order to the primary market. Experience tells us that clients also prefer this execution strategy. SORT typically applies this execution strategy and determines an optimal % based on historical execution data. We will rely on SORT technology to apply an optimal % target but Traders will monitor and correct any deficiencies in this regard by speaking with DMA providers directly on each order. We believe that the primary course of liquidity for a stock should remain a key driver in how we execute client orders and achieve the best possible result for our clients on a consistent basis.

- **Price impact/Performance Slippage** - Depending on the liquidity of the stock and the size of the order, Traders will make a determination as to whether the order should be placed into dark or lit pools of liquidity for execution. If the stock is illiquid and the order is large, Traders may first try to execute in dark pools of liquidity to avoid price impact and performance slippage. This will be done using designated Dark Pool Algorithms provided by some of our DMA providers. Absent order completion, the order or part thereof may also be placed in lit pools of liquidity using SORT. We believe that effective use of both dark and lit pools of liquidity is one of the primary means by which we can ensure that we achieve the best possible result for our clients on a consistent basis.
- **Speed of execution** – Traders and Sales Traders will assess the client’s requirements in terms of speed of execution. We will understand whether the client requires immediate execution, or requires us to execute over a period of time and seek to match/beat a price benchmark e.g., volume weighted average price (VWAP) over a period of time, closing price etc. Where immediate execution is required, the Trader will immediately send the order to a DMA provider’s SORT. Where a price benchmark is required, the Trader will consider using a DMA provider’s Price Benchmark Algorithm. The Trader will monitor the performance of the algorithm, watch market developments, consult with the client and, where necessary, make adjustments to the execution strategy in order to achieve the desired benchmark. We believe the use of SORT, and DMA provider’s Price Benchmark Algorithms (with appropriate supervision/monitoring) is a primary means by which we can ensure we achieve the best possible result for our clients on a consistent basis.
- **Choice of DMA Provider** - Whether using Dark Pool Algorithms, SORT or Price Benchmark Algorithms, our experience is that DMA provider charges and capabilities are very similar. However, Traders will always select the best DMA provider for a particular stock by considering the DMA Selection Criteria and/or the Execution Factors above. In particular, Traders should consider the DMA charges for the relevant market, and any specific stock/sector/market/algorithmic preeminence or other advantage of choosing a particular DMA provider. For example, perhaps the DMA provider is known to have captured a high % of daily volume in a stock/sector thus having more flow in internal crossing networks, or, the DMA provider has a dedicated Dark Pool Algorithm whereas another does not. We will not choose a DMA provider on the basis of any inducement/incentive offered by the DMA provider that does not benefit the client. We believe that the effectiveness of our choices when using DMA providers is a key component of our ability to achieve best possible result for our clients on a consistent basis.

In summary, by placing an emphasis on achieving the best price through accessing key sources of liquidity, being mindful of price impact and making efficient use of dark and lit pools, and assessing client requirements as to speed of execution, all whilst deploying effective use of our DMA providers’ Dark Pool Algorithms, Price Benchmark Algorithms and SORT (with appropriate Trader supervision/monitoring), we believe that with the Default Execution Strategies above we will achieve the best possible result for our clients on a consistent basis.

However, Traders may override the Default Execution Strategy above and send orders to a selected venue or venues, based on a consideration of the Execution Factors above where he/she

believe this will be more advantageous to the client. However, this must always be confirmed with the client prior the execution of any order. For example, the trader might consider doing this when:

- Historical data suggests that the stock does not trade in significant volume on any markets other than the Primary Market. In this instance, the Trader may manually select the Primary Market as the destination for the order.
- Quick or immediate execution may not achieve the best result for the client. In this instance, after the Trader and Sales Traders have assessed whether the stock is outperforming/underperforming its sector and whether there is any relevant existing or expected news flow, we will, unless the client has given us full discretion (either expressly or by prior course of conduct), agree with the client appropriate weightings for target execution volumes over the course of the trading day, i.e., %s to be executed earlier/later.

### **3.4. Monitoring our Performance**

Clearly, as a commercial matter, the Firm always hopes to achieve “best execution” in relation to every order. The overarching best execution obligation requires Olivetree to take all sufficient steps to obtain the best possible result, taking into account a range of execution factors, when executing client orders or placing orders with other entities to execute. Thus, the Firm must monitor the effectiveness of any best execution arrangements and its execution policy, as well as being able to demonstrate to clients that they have acted in accordance with this Policy. Although the emphasis is on the Firm’s order execution arrangements rather than any prescriptive application to each order, i.e., on achieving a good result for clients consistently over time, rather than on achieving “best execution” in relation to each and every order, the Firm will endeavour to achieve to obtain the best possible result for every client. The Firm is under an obligation to monitor the effectiveness of its order execution arrangements and this Policy in order to identify and, where appropriate, correct any deficiencies. The Firm must notify clients of any material changes to its order execution arrangements or this Policy.

Olivetree must be able to demonstrate to clients, at their request, that it has executed their orders in accordance with this Policy.

The Firm takes a three-fold approach to best execution monitoring, which incorporates all areas of the business: 1. Pre-trade analysis of the client order and markets (trading team); 2. Real-time monitoring of the client order (trading team); and 3. Post-trade best execution analysis (the compliance department).

#### **3.4.1. Business Monitoring**

Traders are responsible for continually assessing market data and press articles regarding available execution venues, to determine which venues are “significant” and to which venues the Firm should therefore have access. Traders will do this on both a pre-trade and real-time monitoring basis. Olivetree believes that in this regard, trade volumes and liquidity will be key indicators as to whether a venue should be viewed as “significant”. Traders are also responsible for continually assessing the charges and execution capabilities of our DMA providers.

Olivetree uses an internally developed software program, OTAS TradeShaper, in assisting its best execution monitoring. TradeShaper allows Olivetree’s traders to see outsized moves in return, liquidity, volume and spread. Traders can then adapt to these moves and minimise total trading costs. Furthermore, an alert feed ensures traders do not miss any significant dislocations.

In terms of cost, TradeShaper shapes an order’s participation rate to the volume and trends of a market.

In the ordinary course of business, Traders will monitor previous day's Transaction Cost Analysis (TCA) reports with a view to identifying trends that may be indicative of a need to change the Firm's order execution arrangements.

The Firm will consistently monitor any material changes in the market place and DMA providers, and update the Order Execution Policy accordingly.

### **3.4.2. Compliance Monitoring**

Bloomberg BTCA will be used by the compliance department to monitor trading. It has been deemed necessary to have an inbuilt 20bp tolerance parameter built into the system's functionality, meaning any orders which fall outside of a 20bp scope for the following benchmarks:

- VWAP/Limit VWAP/Post trade VWAP
- Impact analysis;
- Actual impact cost versus expected impact cost;
- Post execution reversion; and
- Trader Cost,

These will be analysed against numerous other benchmarks, including, but not limited to: liquidity, 30-day average volatility, bid/ask spread, fill ratio, and order life momentum provide a holistic view of the order from order arrival to last execution.

The compliance department will discuss findings with Traders and the Head of Execution as required and make any necessary change to the firm's order execution arrangements. Traders, Head of Execution and Compliance will discuss any proposed changes required to the Firm's order execution arrangements with the CEO.

### **3.4.3. Review of Policy**

The Compliance Department and Head of Execution will review this Policy annually.

The Firm will additionally review the Policy should there be a material change in the business which could affect the way in which client orders are executed. Olivetree deems that a 'material change' covers the following criteria:

- Any event which affects a benchmark on which order execution is based; or
- Where such a disclosure is necessary to enable the client to make a properly informed decision about whether to continue utilising the services of the Firm.

In line with with Article 27(7) of MiFID II and COBS 11.2A.31R(2) we must notify clients of any material changes to our order execution arrangements or execution policy.

What is material change is defined by Article 65(7) of the MiFID Delegated regulation as a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. All areas of Olivetree will consistently monitor material changes as defined by Article 65(7) of the MiFID Delegated regulation.

### **3.5. Client Reporting**

Upon reasonable and proportionate request Olivetree will, clearly and within a reasonable timeframe, provide clients with reports and information regarding this Policy, how it is reviewed and the performance of Olivetree in its handling of their orders.

### **3.6. Public Reporting Requirements**

In accordance with MiFID II and Regulatory Technical Standards (“**RTS**”) 28, Olivetree is required to make certain execution quality data and information on its top five execution venues in terms of trading volume publically available.

The reporting obligations relating to the publication of execution quality data require Olivetree to provide the following information on an annual basis (excluding orders in Securities Financing Transactions);

- a) class of financial instruments;
- b) venue name and identifier;
- c) volume of client orders executed on that execution venue expressed as a percentage of total executed volume;
- d) number of client orders executed on that execution venue expressed as a percentage of total executed orders;
- e) percentage of the executed orders referred to in point (d) that were passive and aggressive orders;
- f) percentage of orders referred to in point (d) that were directed orders;
- g) confirmation of whether it has executed an average of less than one trade per business day in the previous year in that class of financial instruments. There should also be a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year.

Olivetree is required to publish on an annual basis a list of the top five execution venues for each class of financial instruments traded.

### **3.7. Payment for Order Flow (PFOF)**

Olivetree does not accept nor facilitate any ‘payment for order flow’ arrangement from market makers (including remuneration, discount or non-monetary benefit). PFOF arrangements present a clear conflict of interest between the clients of Olivetree and Olivetree itself.

The FCA actively reviews this area and will take enforcement action against any firm found in contravention. Please note this policy should be read in conjunction with the Firm’s Conflicts to Interest Policy.

## **4. Order Handling**

The section below provides further information on how orders will be handled, with the overriding objective being to ensure that orders are executed promptly, fairly and in due turn.

## 4.1. Client Confidentiality

Olivetree places our clients' trust at the heart of our business. All employees must properly protect client confidentiality in relation to all client orders. All client orders are input to OMS and only Traders, Sales Traders, and Settlement Operations Personnel will have access to information regarding pending/unexecuted/partially unexecuted client orders. We undertake to ensure that none of our employees, officers, delegates or agents will, without clients' prior consent, given in the context of a formal wall-crossing or market sounding procedure, disclose to clients any information which is inside information for the purposes of Part V of the Criminal Justice Act 1993 or the European Market Abuse Regulation (Regulation (EU) No 596/2014) or the possession of which would or might otherwise prevent or restrict clients from trading in any financial instruments under any applicable insider dealing or market abuse laws or regulations.

## 4.2. Segregation of Duties

The Firm has made arrangements, pursuant to its obligations to implement adequate systems and controls and to organise and control its affairs responsibly and effectively with adequate risk management systems, to segregate duties and functions amongst its personnel.

The Firm has deployed OMS provided by third parties. The Firm has made arrangements such that:

- Only Sales Traders can receive and input client orders to the OMS;
- Only Traders have access to the OMS's trade execution capabilities;
- Only Settlement Operations Personnel will have access to our settlement agent systems, matching systems and trade confirmation systems.

All amendments to the core details of an executed trade (i.e., size, price, direction, stock, net consideration amount, trade date, and value date) must be approved in an email or BB chat by a Trader or Sales Trader. This does not prevent Settlement Operations Personnel from being able to amend settlement instruction details, allocation shapes, etc., in order to settle a transaction. Nor should it prevent Settlement Operations Personnel from making *de minimis* amendments to net consideration amounts resulting from decimal place changes/rounding tolerances inherent in the matching process. Nor does it prevent Settlement Operations Personnel from changing a trade date or value date in the context of "cash give ups" to a client's swap counterparty. Access to the necessary systems to perform the functions described above is password controlled and recorded. Relevant employees should not share passwords with other persons.

### 4.2.1. Receipt of Client Orders

Orders may be received from a client orally (using recorded telephone landlines but NOT mobile phones) or in writing (including by email, 'FIX messaging', 'Bloomberg Messaging' or other electronic means but NOT by fax). If we receive instructions by email, 'FIX messaging', 'Bloomberg Messaging' or other electronic means, the instructions will not be binding on us unless and until we have acknowledged receipt to the client. Sales Traders are responsible for receipt of client orders and for acknowledging receipt to the client. Clients should not assume that any email, 'FIX message', 'Bloomberg Message' or other electronic communications has been received and/or actioned until the Sales Trader sends an

acknowledgement to the client accepting the order. Under no circumstances should orders route automatically from the client, into the Firm's OMS and straight through to the Trader or DMA provider's systems without a Sales Trader having reviewed, accepted and released the order to the Trader for execution.

#### **4.2.2. Authorised Order Placers**

Some clients provide lists of individuals at their organisations who are authorised to send orders to the Firm. Where this is the case, Sales Traders are responsible for ensuring they know which clients have provided such lists and for ensuring that orders are not accepted from any individual not cited on those lists.

#### **4.2.3. Acceptable Order Types**

The Firm can accept the following types of orders:

- Good for the Day (“**GFD**”);
- Good ‘till Cancelled (“**GTC**”);
- Good ‘till Date (“**GTD**”);
- Fill or Kill (“**FOK**”); and
- Immediate or Cancel (“**IOC**”).

Generally, the Firm believes it is good practice for Sales Traders to confirm the status of orders placed during the day with clients at end of day and to cancel any unexecuted orders and/or the residual amount of any partially completed order. To reflect this, the Firm's OMS is defaulted such that all orders will be treated as GFD, unless the Sales Trader overrides this default. The default position will mean that any uncompleted orders will be cancelled in the system and will not appear on the Trader's blotter the following day. Sales Traders are responsible for ensuring that a client understands that its order is no longer “live”. Ultimately, it is the responsibility of Sales Traders to ensure that the Firm communicates effectively with clients at all times in relation to the status of orders, and to communicate this clearly to Traders, in order to avoid any misunderstandings between the Firm and its clients.

#### **4.2.4. Trading Capacity**

Olivetree is permitted to execute client orders on a riskless “matched” principal basis only. We are not permitted to hold principal/risk positions in securities. As a result, we cannot provide “risk fills” or guarantee prices (e.g., guaranteed VWAP) in relation to our clients' orders. Orders can only be executed by routing to our DMA Providers, placing an order with an external broker for execution, agreeing a fill with an external broker, or by crossing stock between clients internally.

#### **4.2.5. Short Sales**

Traders and Sales Traders should be cognizant of short sale restrictions in certain markets. In the event that a client sends the Firm a short sale order, Sales Traders should ensure they have any required “borrow locates” (or equivalent) and communicate these to the Traders. Traders are responsible for either rejecting the order on the basis that it is prohibited, or informing our DMA providers that the sell order is a short sale and communicating any “borrow locate” information to them, whereupon we will also rely on our DMA provider's systems to reject an order if it is prohibited in the relevant market or if

it does not have the requisite “borrow locate” information attached.

#### **4.2.6. Clearing Agent Trade Authorisation**

Orders over a certain size must be pre-approved by the Firm’s clearing agent before execution (size threshold to be agreed from time to time with the Firm’s clearing agent). Traders and/or Sales Traders must contact Settlement Operations Personnel, who will liaise with our clearing agent’s Credit Risk Department in order to obtain pre-approval. Settlement Operations Personnel will require the following information: stock; size; direction; and client name.

#### **4.2.7. Order Validation**

Traders are responsible for ensuring that adequate Order Validation Controls are in place within the Firm’s OMS and/or at our DMA Providers. These should seek to protect the Firm against making trade/“fat finger” errors, and should include controls around price and size, and can include “hard” blocks and “soft” warning controls.

#### **4.2.8. Execute in “time of order priority”**

“Otherwise comparable orders” must be executed in accordance with the time of their reception by the Firm, meaning they must be executed sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. A client order received after another otherwise comparable order that has not been fully executed may be aggregated with the earlier order subject to the procedures set out below. Orders do not need to be treated as “otherwise comparable” if they are received by different media and it would not be practicable for them to be treated sequentially.

#### **4.2.9. Recording Client Orders**

All orders executed on behalf of clients must be promptly and accurately recorded. The Firm’s OMS electronically records requisite details, including time stamps, relating to the receipt of client orders and all trade executions, as required by FCA regulations. For this reason, all orders must be input to the Firm’s OMS by Sales Traders immediately upon receipt and any trades agreed over the telephone with clients or counterparties must be immediately input to the OMS by Traders. Ordinarily, client orders should not be accepted by a Sales Trader who is not in the office with access to OMS. In the event that a client attempts to place an order in person with a Sales Trader who is not in the office or via unrecorded telephone/mobile lines, the Sales Trader must re direct the client to speak with a Sales Trader who is in the office and has access to OMS so that the order can be properly received, input to OMS, recorded and time stamped. Ordinarily, Traders are not permitted to agree transactions with clients or counterparties when off the premises as the execution cannot be properly recorded and time stamped.

#### **4.2.10. Limit Orders not immediately executable**

Where all or part of a client’s limit order cannot be immediately executed at prevailing market prices we are required (where the order is for less than certain size criteria as set out in Annex I) to make the order public, i.e., display it on a “lit” execution venue. We do not think that such publication is always in the best interests of our clients and we ask them to sign and return a prior express consent form upon account opening, which gives us discretion to determine whether or not to make public any unexecuted limit order. Traders are responsible for ensuring they know which clients have not given us this express



consent, based on information that will be provided by Compliance, and to act accordingly. Olivetree will follow the guidance in COBS 11.4.1R and Article 70 of the Delegated Regulation.

#### **4.2.11. Transactions outside of RM and MTFs**

We are required to obtain prior express consent from our clients before executing their orders outside of Regulated Markets (i.e. Exchanges) or Multilateral Trading Facilities (MTFs). This would include the execution of client crosses and phone brokered fills to client orders, as well as orders sent to our DMA providers who then execute orders outside of RMs or MTFs. We ask clients to provide this prior express consent as a part of the account opening process. However, some clients do not give us prior express consent to execute orders in this manner and Traders are responsible for ensuring they know which clients have not given us this consent, based on information that will be provided by Compliance, and to act accordingly. In particular, Traders should be mindful that where the client has not provided this consent, placing an order into a DMA Provider's SORT engine, Dark Pool Algorithms, or Price Benchmark Algorithms may not be appropriate unless you can specify that all executions must take place on RMs or MTFs.

#### **4.2.12. Trade Reporting**

Certain transactions must be reported to the market in real time of execution. All Traders and certain Sales Traders have access to systems which allow the Firm to publish trade reports to the market and they will be responsible for ensuring that the Firm meets its trade reporting obligations.

#### **4.2.13. Allocation and reallocation**

All orders executed on behalf of clients must be promptly and accurately allocated to the clients. The Firm will endeavour to allocate client orders on trade date. Settlement Operations Personnel will ordinarily ensure that all allocations to client accounts are made on trade date where the client has provided the Firm with allocation details within UK business hours. Ordinarily, clients should not make adjustments in allocations between sub funds post trade date. This may happen occasionally, however, where there has been a genuine allocation error on the part of the client. However, Settlement Operations Personnel are responsible for escalating to Compliance any examples of a client who routinely makes such post trade date re-allocations.

#### **4.2.14. Warehousing client orders**

Pursuant to client instructions, the Firm may execute client orders over a number of days and average price the transactions for subsequent allocation to client accounts. The Firm may average price transactions for a maximum of five business days but not over a weekend/holiday period. However, the Firm discourages the acceptance of warehousing instructions from clients and all decisions to agree to warehouse a client order should be approved by the Firm's CEO or COO. Approval will be considered in the light of the economics/profitability of the proposed warehousing, in particular, potential cash funding or stock borrow costs. Settlement Operations Personnel must book warehoused transactions to a designated warehouse account at our settlement agent, so that positions are clearly designated as being client positions and not be misconstrued as belonging to the Firm.

#### **4.2.15. Order Aggregation and Order Allocation Policy**

The Firm is not permitted to carry out a client order in aggregation with another client order unless it is

comfortable that it is unlikely that the aggregation will work overall to the disadvantage of any client whose order is to be aggregated. Traders are responsible to making this decision.

It must be disclosed to each client whose order is to be aggregated, that the effect of aggregation may work to its disadvantage in relation to a particular order. The Firm discloses this to clients in its Terms of Business. However, Traders and Sales Traders are also responsible for informing each client at the point of execution that the Firm intends to aggregate their order with the order of another client and obtain the clients' agreement to this. The Firm is required to establish and implement "Order Allocation Policy" which describes in sufficiently precise terms how orders that have been aggregated will be fairly allocated, including how the volume and price of orders determines allocations and the treatment of partial executions. The policy should ensure that where an aggregated order is partially executed, it must allocate the related trades in accordance with its "Order Allocation Policy".

Set out below is Olivetree's "Order Allocation Policy":

## ORDER ALLOCATION POLICY

Where the Firm is in receipt of "otherwise comparable orders", the Trader will determine whether it is advisable to aggregate the orders bearing in mind that he/she should be comfortable that this is unlikely to work overall to the disadvantage of any client whose order is to be aggregated. Traders and Sales Traders will then ensure that the clients are informed of our intention to aggregate their orders and obtain their agreement to this.

Orders will be deemed "otherwise comparable" if they are the same stock, direction (i.e. buy/sell), type (i.e. At Market/Limit Order/GTC or GFD) and if a VWAP order, if they have a specified time period with the same end time.

Orders will not be deemed "otherwise comparable" unless the orders have the same instructions as to "volume of the market", i.e., client wants the order to be executed whilst being X% of the market volume. However, the orders may be deemed comparable and able to be aggregated if Traders and Sales Traders negotiate with the clients an agreed "volume of the market" and % of the "split print" that each client will represent. This will always be done whilst being mindful of our good market conduct obligations (see below) and best execution obligations, and clients may need to be advised to revise order instructions in order to avoid inappropriate market movements/execution slippage.

Any orders which are aggregated must be subsequently allocated to each client at the same exact average price of all executed transactions, each according to the volume of the order placed.

Where the Firm receives otherwise comparable orders at different times, these orders may be aggregated with the consent of the clients. Using a worked example by way of demonstration:

Client A places a VWAP order at 10.00hrs seeking VWAP between 10.00hrs and 14.00hrs and the Firm immediately begins to execute transactions to fill the order. Client B places a comparable VWAP order at 11.00hrs seeking VWAP between 11.00hrs and 14.00hrs. Client C places a comparable VWAP order at 12.00hrs seeking VWAP between 12.00hrs and 14.00hrs.

In this instance, subsequent allocations will be made, following agreement from the clients, in the following way:

Client A will be allocated a fill at the average price of the transactions executed between 10.00hrs and

11.00hrs and the transactions executed between 11.00hrs and 14.00hrs whilst Client B will be allocated a fill at the average price of transaction executed between 11.00hrs and 14.00hrs, whilst Client C will be allocated a fill at the average price of transactions executed between 12.00hrs and 14.00hrs (and so on in relation to further client orders) each according to the volume of the order placed. The volumes allocated will be calculated by taking transactions executed during a period when client orders are aggregated for execution, and allocating them on a pro rata basis agreed with the clients (using example above, between during 12.00hrs to 14.00hrs, executions will make up 20% of the market and Client A will be allocated 30%, Client B 30% and Client C 40%). Where VWAP orders are received at different times, and for periods that have different end times, the Firm may view these as not being “otherwise comparable orders”.

#### **4.2.16. Error Procedures**

In the event that there is trading error, either on the part of the Firm or the client, Traders, Sales Traders and Settlement Operations Personnel should discuss with compliance and senior management rectification of error and complete the OTF error form and forward to Compliance for review and sign off.

#### **4.3. Misuse of Information and Market Abuse**

You must not front-run a client order or encourage others to front run. This is market abuse and a criminal offence under the UK’s Criminal Justice Act and punishable with up to seven years’ imprisonment. Employees should read and understand the Firm’s “Guide to Market Abuse”.

**Annex I**

**Orders large in scale compared with normal market size, standard market sizes and deferred publications and delays.**

**Table I**

**Orders large in scale compared with normal market size for shares and depositary receipts**

<b>Average daily turnover (ADT) in EUR</b>	<b>ADT &lt; 50 000</b>	<b>50 000 ≤ ADT &lt; 100 000</b>	<b>100 000 ≤ ADT &lt; 500 000</b>	<b>500 000 ≤ ADT &lt; 1 000 000</b>	<b>1 000 000 ≤ ADT &lt; 5 000 000</b>	<b>5 000 000 ≤ ADT &lt; 25 000 000</b>	<b>25 000 000 ≤ ADT &lt; 50 000 000</b>	<b>50 000 000 ≤ ADT &lt; 100 000 000</b>	<b>ADT ≥ 100 000 000</b>
<b>Minimum size of orders qualifying as large in scale compared with normal market size in EUR</b>	15 000	30 000	60 000	100 000	200 000	300 000	400 000	500 000	650 000

**Table II**

**Orders large in scale compared with normal market size certificates and other similar financial instruments**

<b>Average daily turnover (ADT) in EUR</b>	<b>ADT &lt; 50 000</b>	<b>ADT ≥ 50 000</b>
<b>Minimum size of orders qualifying as large in scale compared with normal market size in EUR</b>	15 000	30 000

## **Annex II**

### **Olivetree's DMA providers**

- Goldman Sachs International
- Morgan Stanley & Co. International PLC
- Citi
- Kepler
- ITG/Virtu Financial
- Liquidnet
- RBC

## Annex III

### Execution Venues Information

Below is a list of execution venues used by Olivetree Financial Limited when executing orders on behalf of clients. This list is not exhaustive and is subject to change, and will be reviewed annually. Olivetree is execution venue agnostic and will use the venues that allow it to obtain the best possible outcome on a consistent basis when executing an order on a client's behalf irrespective of the client's regulatory classification. Olivetree receives no payment for order flow nor inducements from any venue

#### LIT & DARK VENUES:

##### Lit Venues

- Primary
- Turquoise TRQX
- Bats BATE
- Chi-x CHIX
- Aquis AQXE
- Equiduct EQTC

##### Dark Venues

- Bats BXE BATD
- Bats CXE CHID
- Bats Large In Scale LISX
- Bats Periodic Auction Order Book BATP
- Cboe Europe NL dark – CEUD
- Instinet Blockmatch BLOX, BLKM
- ITG POSIT XPOS
- JP Morgan JPM-X JPMX
- Liquidnet LIQU, LEUE (Opt in)
- MS MTF MSTX
- MS Trajectory Cross MSSI (if swap) BATP(agency to agency)
- MS MTF dark – MSCX
- NASDAQ OMX Nordic@Mid DCSE, DHEL, DSTO, DNDK, DNFI, DNSE
- NASDAQ Auction on Demand Usual exchange codes
- SigmaX MTF SGMX, SGMY

- SwissAtMid XSWM
- Turquoise Dark Continuous TRQX
- Turquoise Dark Periodic TRQX
- Turquoise Dark BDS TRQM
- UBS MTF XUBS

#### Periodic Auction

- Aquis Auction On Demand (Opt In) – AQXA
- Aquis Europe Auction On Demand (Opt In) – AQEA
- Cboe Periodic Auction – BATP
- Cboe Europe NL Periodic Auction – BEUP
- Virtu Posit periodic Auction (Opt-in) - XPAC
- MS MTF Auction Book – MSAX
- Nasdaq Auction on Demand – MCSE, MHEL, MSTO, MNDK, MNFI, MNSE
- Turquoise Lit Auction – TRQA
- Oslo Borse Periodic Auction (Opt In) – XOAA, XOSA
- POSIT Auction XPAC
- UBS MTF Periodic Auction (Opt In) – XUMP

#### SI Venues

- Virtu VFSI
- Citadel Securities CCEU, EUCC
- Tower TRSI, TOWR
- Jane Street JSSI
- Morgan Stanley Systematic Internaliser MSSI, MESI
- Goldman Sachs Systematic Internaliser GSSI
- Citi CGME, CGEE
- Hudson HRSI, HREU
- JPM Systematic Internaliser JPSI
- Jump JLEU
- CS Systematic Internaliser CSSI
- SSW Trading SSWM

- XTX Markets XTXM, XTXE